

A Recently Posed Question?

Are employers letting go of less productive employees more during the recession than at other periods? There seems to be supportive evidence that yes, this is the case. For one, measurements of the United States economy have shown high levels of productivity growth over the past two years. Past recessionary periods (job losses) have also shown high productivity gains during the job-cutting stage of the downturn. The logic makes sense. Businesses know who their most productive workers are. Generally, they are the ones with either advanced education, and/or those with high amounts of experience and institutional knowledge. We will operate under the general assumption that education and experience (time or tenure) are the valuable assets that businesses wish to hang onto within the labor force.

Looking at the changes within the Utah labor force between 2006 and 2009, there is evidence to support this. When we segment the labor force by age groupings, the 16-19 year grouping saw its share of the labor-force pie fall from 7.2 percent in 2006 to 5.9 percent by 2009—a 1.3 percentage-point decline. In more dramatic fashion, the 20-24 year age group saw its percentage of the labor force fall from 15.8 percent in 2006 to 12.6 percent in 2009—a more dramatic 3.2 percentage-point decline. Yes, some

of this could be aging shifts within the labor force with time, but not enough to cause these large percentage-point shifts in just three years. The remaining age groupings—in other words all remaining age groups that are older—saw their percentage-point makeup of the labor force rise. These shifting percentages suggest that younger workers were let go on a more sizeable scale during this economic downturn than were older workers.

It is important to note that the recession was deep enough to cause the labor force participation rate of all age groups to fall over the past three years (labor force participation is the percentage of all the population within an age group that is active in the labor force). But again, that fall was most dramatic in the younger age groups. For example, in 2006, among the age group 20-24, 83.5 percent of all Utahns in this age group were active in the labor force. By 2009, this participation rate had fallen to 77.1 percent. This suggests many workers within this age group became discouraged during this period and have simply removed themselves from the labor force. The younger portion of the labor force may have more options to fall back upon in order to “disappear” from the labor force, such as going back to or entering into the higher education system, or possibly hanging out in Mom’s basement. ●

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Did you Know



- Janicki Industries has announced an expansion into Utah. <http://www.deseretnews.com/article/700044266/Janicki-Industries-to-expand-into-Utah.html>
- After years of dreaming, Salt Lake City is now planning for a complete makeover of its airport terminal. <http://www.sltrib.com/sltrib/home/49842607-76/airport-lake-salt-terminal.html.csp>
- More than 2,000 acres of vacant land between I-15 and Utah Lake at the former Geneva Steel site could be transformed into commercial, industrial and residential development. http://www.sltrib.com/news/ci_15289730